



Maricopa County

Department of Finance

Tom Manos

Chief Financial Officer

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Date: May 12, 2008

To: David Smith, County Manager
Tom Manos by SJS

From: Tom Manos, Chief Financial Officer

Subject: FY 07-08 Variance Report – April 2008

Attached is the financial activity through April 30, 2008 showing the budget versus actual comparisons for the General Fund and Detention Fund. This variance report is presented as an Executive Summary for your review. Comments regarding variances for major revenue and expenditure line items are provided below.

- **Property Tax Revenue YTD variance of (\$11,495,985):** Property Tax YTD revenue for FY 07-08 is 5.9 percent higher than FY 06-07 actuals with a current year negative budget variance of 3.0 percent. April revenues were 1.3 percent lower than the same month in the prior year. The FY 07-08 budget is based on an estimated 8.2 percent increase in total collections from FY 06-07. YTD through March collections were 8.6 percent over the same period in FY 06-07. The same trend had been followed since the large collections in October/November 2007. This percentage dropped in April, but these results are inconclusive because of the timing of collections that are due May 1. Review of the Treasurer's ledger indicates receipt of \$43.6m during the first week of May.
- **Vehicle License Tax Revenue YTD variance of (\$2,677,680):** The FY 07-08 Vehicle License Tax YTD revenue is 1.8 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 2.2 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from Elliott D. Pollack & Co. (EDP) and assumed zero percent growth over the previous fiscal year. April revenues were 9.8 percent lower than the same month in the prior year. The April 2008 forecast from EDP is a zero percent decline in the Most Likely scenario and a 2.0 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$0.0 to \$2.6m this fiscal year.
- **Sales Tax Revenue YTD variance of (\$20,881,712):** The FY 07-08 Sales Tax revenue is 2.1 percent lower than the FY 06-07 YTD actuals with a current year negative budget variance of 5.1 percent. The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. April revenue was actually 1.0 percent less than the same month in the prior year. This trend is expected to continue, and may worsen based on recent reports from local economists. The April 2008 forecast from EDP is a 2.0 percent decline in the Most Likely scenario and a 2.5 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$26.6 to \$29.1m this fiscal year.

- **Interest Revenue YTD variance of \$11,477,204:** General Fund annualized Interest revenue was budgeted conservatively at \$12m. Interest revenue is recorded quarterly and analysis of the YTD budget and actuals indicates an anticipated fiscal year end positive variance of approximately \$14m.
- **Personnel Services Expenditures YTD variance of \$11,713,436:** Overall, personnel services expenditures are 2.9 percent under budget. While many departments are recording significant savings, a number are over budget, usually due to unattained budgeted personnel savings.
- **Services Expenditures YTD variance of \$32,984,765:** The favorable variance is primarily attributable to savings in Non-Departmental, General Government, and Appropriated Fund Balance, offset by overruns in Contract Counsel. In General Government, the combined favorable variance is due to litigation and consulting expenditures, which do not follow a predictable pattern. In Non-Departmental, the favorable variance is due to a combination of technical and timing issues. In Appropriated Fund Balance, the favorable variance is primarily due to timing of information technology project expenditures. These favorable variances are partially offset due to payments by Public Defense Services (Contract Counsel) for private attorneys for indigent legal representation, see departmental commentary below.
- **Intergovernmental Payments YTD variance of \$3,351,525:** The favorable variance is primarily due to savings in the Arizona Long Term Care System (ALTCS) contribution and delayed payments to non-profit agencies. The ALTCS contribution makes up \$2.5m of the favorable variance. The ALTCS contribution is budgeted at \$156.1m, but the actual contribution is only \$152.8m, a favorable annualized variance of \$3.3m. The final ALTCS amount was not disclosed by the State until after County budget adoption. In addition, \$0.5m of the favorable variance is due to the timing of payments to non-profit agencies, and will not result in savings at fiscal year end.
- **Debt Service YTD variance of \$4,136,445:** The favorable variance is primarily due to delayed starts for lease purchase payments. Debt Service is under budget because the majority of loan obligations for technology purchases concluded July 31, 2007. Loan payments have resumed, but we still expect to maintain a significant favorable variance that will decline through the end of the fiscal year.
- **Capital Outlay Expenditures YTD variance of \$10,902,088:** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. It is not expected that these savings will be recurring; as the vehicles scheduled for replacement will eventually be purchased and many major maintenance projects currently in the design phase will progress beyond this phase. The design phase requires much lower expenditures than the construction phase. There will be a significant increase in expenditures as the fiscal year continues.

General Fund Departmental Variances:

Workforce Management and Development - General Fund expenditures are over budget YTD by \$41,002 due to an erroneous accounting entry. The department has processed the correction which will resolve the negative variance. The department will be within budget at fiscal year end.

Juvenile Probation - General Fund expenditures are over budget YTD by \$414,243 due to unattained personnel savings. The department plans to end the year under budget by transferring savings from the Trial Courts budget per the Presiding Judges authority to transfer appropriations within the Judicial Branch. The Judicial Branch (collectively Trial Courts, Adult Probation and Juvenile Probation) will be within budget at fiscal year end.

Office of Contract Counsel - General Fund expenditures are over budget YTD by \$4,343,411. Negative YTD budget to actual variances associated with contracted Felony Representation cases represent the bulk of the overrun, including variances of (\$1,164,934) for Capital cases, (\$2,664,037) for Class 2 through 6 Felony cases, and (\$386,062) for Adult Appeal cases. Indigent Representation forecasts a General Fund Contract Counsel overrun of \$5.3m at fiscal year end, but year-end savings of \$1.1m from the three staffed offices, for a net Indigent Representation-wide overrun of \$4.2m. The department is working with OMB on a Corrective Action Plan.

Parks and Recreation - General Fund expenditures are over budget YTD by \$526. The negative YTD amount resulted from a one-time payment in April that was greater than budget. Parks and Recreation will be within budget by the end of May.

Detention Fund

Revenues

- ***Jail Excise Tax (Sales Taxes) Revenue YTD variance of (\$6,324,356):*** The FY 07-08 budget was based on the April 2007 Pessimistic forecast from EDP and assumed 3.0 percent growth over the previous fiscal year. April revenue was actually 2.9 percent less than the same month in the prior year and YTD revenue was 2.7 percent lower than prior year collections. This trend is expected to continue, and may worsen based on recent reports from local economists. The April forecast from EDP was 2.0 percent decline in the Most Likely scenario, and reduced to a 3.0 percent decline in the Pessimistic scenario. The latest forecasts are for budget shortfalls of \$7.3 to \$8.7m this fiscal year.

Expenditures

There are no negative variances in any expenditure category within the Detention Fund.

- ***Personal Services YTD variance of \$4,417,560:*** The favorable variance in personal services is primarily due to the hiring freeze that is currently in place.
- ***Services YTD variance of \$8,001,647:*** The favorable variance is due to unspent contingency funds.
- ***Capital Outlay YTD variance of \$8,173,456:*** The favorable variance is primarily due to delayed expenditures for vehicle replacement and major maintenance. It is not expected that these savings will be recurring; many major maintenance projects currently in design will progress beyond the design phase (this phase requires much lower expenditures than construction phases).

Departmental Variances

All departmental expenditure budget variances are favorable at the present time.

To ensure effective management of budgeted funds, OMB continues to work with departmental liaisons to rectify negative variances. In a collaborative effort, the Department of Finance continues to provide accurate and timely financial information to support management decisions. Please review and let me know if you have any questions that we can address.

Cc: Sandi Wilson
Assistant County Managers
Shelby Scharbach
DOF Finance Managers
OMB Deputy Directors
OMB Budget Supervisors



General Fund Executive Summary

As of April 30, 2008

Revenues	Revised FY Budget	YTD Budget	YTD Actual	Variance
Property Taxes	425,284,450	379,468,638	367,972,653	(11,495,985)
Vehicle License Taxes	143,247,168	120,625,509	117,947,829	(2,677,680)
Sales Taxes	497,453,141	408,440,918	387,559,206	(20,881,712)
Intergovernmental	12,359,263	7,041,013	6,031,115	(1,009,898)
Interest	12,000,000	6,500,667	17,977,871	11,477,204
Miscellaneous	82,384,877	67,529,281	68,023,497	494,216
Transfers In	6,862,467	5,708,703	5,722,727	14,024
Total Revenues	1,179,591,366	995,314,729	971,234,898	(24,079,831)
Expenditures				
Personnel Services	489,261,620	405,491,313	393,777,877	11,713,436
Supplies	31,277,695	12,042,866	10,640,139	1,402,727
Services	331,798,881	143,917,526	110,932,761	32,984,765
Intergovernmental Payments	228,557,773	185,938,885	182,587,360	3,351,525
Debt Service	13,777,818	11,382,745	7,246,300	4,136,445
Capital Outlay	21,900,476	19,414,264	8,512,176	10,902,088
Transfers Out	217,189,228	181,351,924	181,328,562	23,362
Total Expenditures	1,333,763,491	959,539,523	895,025,175	64,514,348
Excess (Deficiency) of Revenues Over Expenditures	(154,172,125)	35,775,206	76,209,723	40,434,517
Beginning Fund Balance	414,158,357	414,158,357	445,090,202 ⁽¹⁾	30,931,845
Revenues	1,179,591,366	995,314,729	971,234,898	(24,079,831)
Expenditures	1,333,763,491	959,539,523	895,025,175	64,514,348
Fund Balance with Designations	259,986,232	449,933,563	521,299,925	71,366,362
Fund Balance Designations (2)	249,543,563	249,543,563	249,543,563	-
Undesignated Ending Fund Balance	10,442,669	200,390,000	271,756,362	71,366,362

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Budget Stabilization:

Cash Flow/Property Tax 54,000,000

Reserve 157,809,663

Benefits Self-Funding Reserve 34,300,000

Sheriff Court Remodel 3,433,900

Total: **249,543,563**

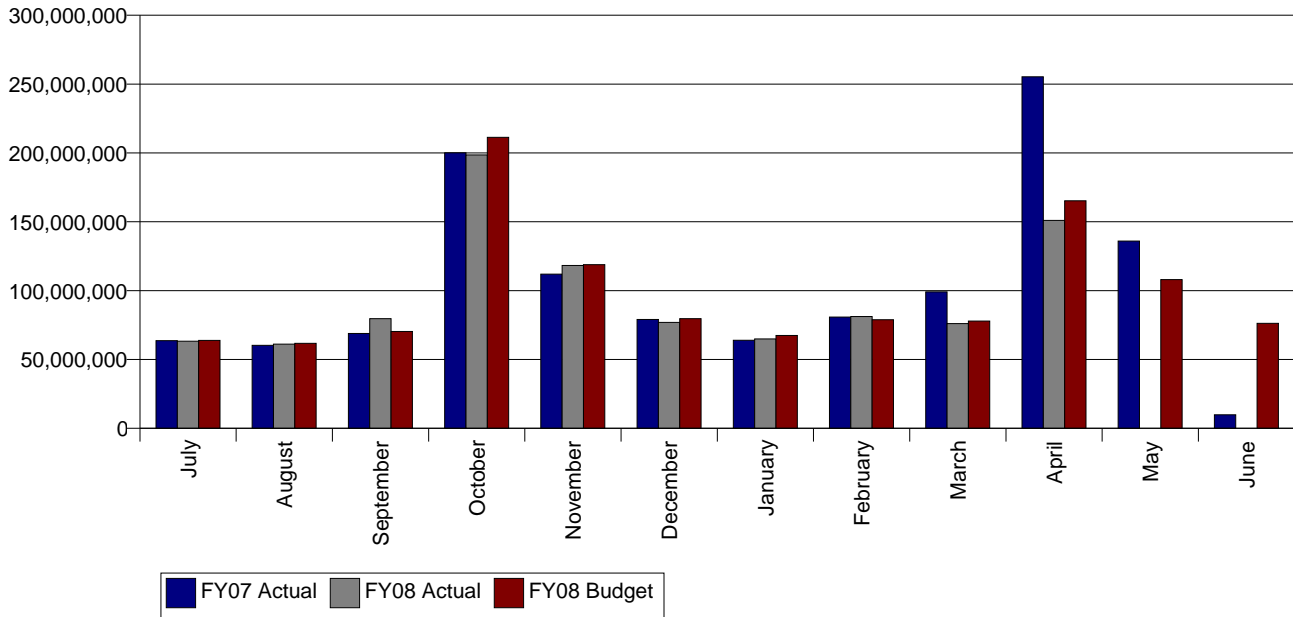


General Fund

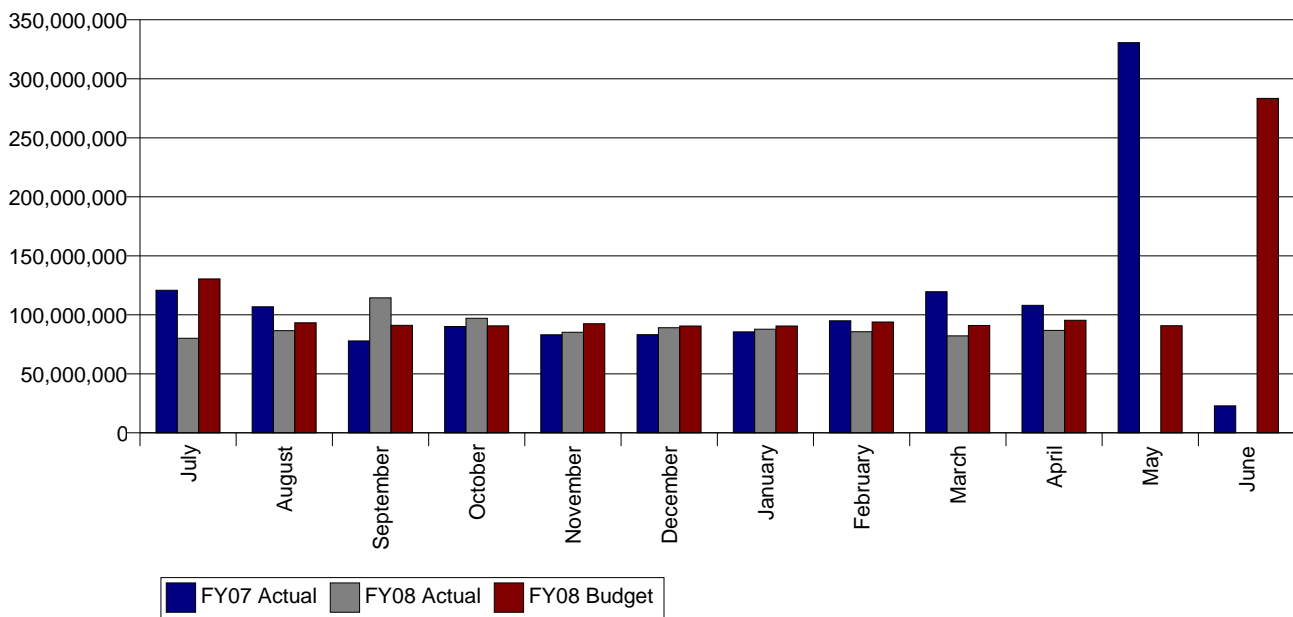
Executive Summary

As of April 30, 2008

Revenues



Expenditures





General Fund

Expenditures Summary

As of April 30, 2008

Expenditures (450, 470, 480)	Revised FY Budget	YTD Budget	YTD Actual	Variance
Personnel Services	8,877,311	4,610,105	5,103,235	(493,130)
Supplies	17,112,507	225,732	399,154	(173,422)
Services	270,488,385	93,716,733	56,853,634	36,863,099
Intergovernmental Payments	227,868,825	185,363,515	182,507,015	2,856,500
Debt Service	4,616,521	3,847,115	1,696,430	2,150,685
Capital Outlay	21,644,799	19,165,631	8,576,425	10,589,206
Transfers Out	217,077,777	181,259,047	181,259,047	0
Total Uses GF (450, 470, 480)	767,686,125	488,187,878	436,394,940	51,792,938
Expenditures Excluding (450, 470, 480)				
Personnel Services	480,384,309	400,881,208	388,674,642	12,206,566
Supplies	14,165,188	11,817,134	10,240,985	1,576,149
Services	61,310,496	50,200,793	54,079,127	(3,878,334)
Intergovernmental Payments	688,948	575,370	80,345	495,025
Debt Service	9,161,297	7,535,630	5,549,870	1,985,760
Capital Outlay	255,677	248,633	(64,250)	312,883
Transfers Out	111,451	92,877	69,516	23,361
Total GF Expenditures Excluding 450, 470, 480	566,077,366	471,351,645	458,630,235	12,721,410
Total General Fund (Uses)	1,333,763,491	959,539,523	895,025,175	64,514,348



General Fund

Category Detailed by Agency

As of April 30, 2008

General Government	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ASSESSOR	25,477,383	21,214,437	20,207,493	1,006,944	4.75 %
BOARD OF SUPERVISORS CLERK	783,071	659,573	600,271	59,302	8.99 %
BOARD OF SUPERVISORS DIST 1	389,161	325,883	301,652	24,231	7.44 %
BOARD OF SUPERVISORS DIST 2	389,161	323,891	300,933	22,958	7.09 %
BOARD OF SUPERVISORS DIST 3	389,161	326,448	279,316	47,132	14.44 %
BOARD OF SUPERVISORS DIST 4	389,161	315,997	269,200	46,797	14.81 %
BOARD OF SUPERVISORS DIST 5	389,161	321,676	306,070	15,606	4.85 %
COUNTY CALL CENTER	1,763,208	1,484,599	1,432,966	51,633	3.48 %
COUNTY MANAGERS OFFICE	2,300,030	1,916,161	1,742,621	173,540	9.06 %
ELECTIONS	13,495,604	11,987,709	11,329,730	657,979	5.49 %
ENTERPRISE TECHNOLOGY	10,592,666	8,847,745	8,140,551	707,194	7.99 %
FACILITIES MANAGEMENT	14,177,995	11,875,400	11,271,625	603,775	5.08 %
FINANCE	4,091,497	3,436,495	3,287,386	149,109	4.34 %
INTERNAL AUDIT	1,994,398	1,562,191	1,529,572	32,619	2.09 %
MANAGEMENT & BUDGET	3,087,661	2,581,621	2,198,419	383,202	14.84 %
MATERIALS MANAGEMENT	2,123,861	1,769,457	1,696,161	73,296	4.14 %
RECORDER	2,626,351	2,178,353	1,997,375	180,978	8.31 %
RESEARCH & REPORTING	444,441	354,563	327,966	26,597	7.50 %
TREASURER	5,172,199	4,289,753	3,852,629	437,124	10.19 %
WORKFORCE MGMT & DEVELOPMENT	1,247,994	1,079,765	1,120,767	(41,002)	-3.80 %
Subtotal	91,324,164	76,851,717	72,192,703	4,659,014	6.06 %
Public Safety	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ADULT PROBATION	66,151,242	55,257,434	54,655,974	601,460	1.09 %
CLERK OF SUPERIOR COURT	34,052,040	28,499,111	27,863,033	636,078	2.23 %
CONSTABLES	2,434,957	2,028,139	1,922,825	105,314	5.19 %
CORRECTIONAL HEALTH	4,076,942	3,427,196	3,086,821	340,375	9.93 %
COUNTY ATTORNEY	72,397,991	60,387,837	59,556,704	831,133	1.38 %
EMERGENCY MANAGEMENT SVCS	268,636	223,878	216,551	7,327	3.27 %
JUSTICE SYSTEM PLANNING INFO	846,536	682,452	470,895	211,557	31.00 %
JUVENILE PROBATION	21,190,397	17,699,318	18,113,561	(414,243)	-2.34 %
LEGAL DEFENDER	9,799,432	8,110,564	7,728,449	382,115	4.71 %
MEDICAL EXAMINER	8,083,502	6,748,559	6,472,098	276,461	4.10 %
OFFICE CONTRACT COUNSEL	17,247,643	12,774,349	17,117,760	(4,343,411)	-34.00 %
OFFICE OF LEGAL ADVOCATE	8,694,685	7,188,775	6,751,313	437,462	6.09 %
PUBLIC DEFENDER	40,974,306	34,065,650	33,877,512	188,138	0.55 %
PUBLIC FIDUCIARY	2,813,379	2,343,184	2,218,915	124,269	5.30 %
SHERIFF	72,179,544	60,404,510	58,242,309	2,162,201	3.58 %
TRIAL COURTS	86,285,203	72,061,453	70,885,983	1,175,470	1.63 %
Subtotal	447,496,435	371,902,409	369,180,703	2,721,706	0.73 %
Health, Welfare and Sanitation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
ANIMAL CONTROL SERVICES	360,115	300,315	298,480	1,835	0.61 %
ENVIRONMENTAL SERVICES	7,059,208	5,771,910	3,089,607	2,682,303	46.47 %
HUMAN SERVICES	2,702,378	2,251,984	1,316,412	935,572	41.54 %
PUBLIC HEALTH	12,921,147	10,778,527	9,194,316	1,584,211	14.70 %
Subtotal	23,042,848	19,102,736	13,898,815	5,203,921	27.24 %
Culture and Recreation	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
PARKS & RECREATION	1,764,191	1,451,269	1,451,795	(526)	-0.04 %
Subtotal	1,764,191	1,451,269	1,451,795	(526)	-0.04 %
Education	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
SUPERINTENDENT OF SCHOOLS	2,449,728	2,043,514	1,906,219	137,295	6.72 %
Subtotal	2,449,728	2,043,514	1,906,219	137,295	6.72 %
Other Gov Fund	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
GENERAL GOVERNMENT	247,044,718	205,028,855	194,242,491	10,786,364	5.26 %
GEN GOV APPROPRIATED FND BALANCE	163,939,156	73,916,135	51,524,676	22,391,459	30.29 %
NON-DEPARTMENTAL	356,702,251	209,242,888	190,627,773	18,615,115	8.90 %
Subtotal	767,686,125	488,187,878	436,394,940	51,792,938	10.61 %
Total Expenditures	1,333,763,491	959,539,523	895,025,175	64,514,348	6.72 %



Detention Fund

Executive Summary

As of April 30, 2008

Revenues

	Revised FY Budget	YTD Budget	YTD Actual	Variance
Sales Taxes	149,823,673	123,723,159	117,398,803	(6,324,356)
Interest	3,000,000	2,500,000	6,335,889	3,835,889
Miscellaneous	28,548,509	23,790,427	29,089,700	5,299,273
Transfers In	165,933,494	138,277,912	138,277,912	(0)
Total Revenues	347,305,676	288,291,498	291,102,304	2,810,806

Expenditures

Personnel Services	234,966,063	194,195,644	189,778,084	4,417,560
Supplies	14,129,562	11,892,506	11,910,946	(18,440)
Services	113,705,826	51,547,939	43,546,292	8,001,647
Debt Service	1,907,618	1,589,692	1,291,928	297,764
Capital Outlay	16,665,905	13,944,740	5,771,284	8,173,456
Transfers Out	32,112,796	32,112,796	32,112,796	-
Total Expenditures	413,487,770	305,283,317	284,411,330	20,871,987

Excess (Deficiency) of Revenues Over Expenditures

	(66,182,094)	(16,991,819)	6,690,974	23,682,793
Beginning Fund Balance	145,551,542	145,551,542	146,163,844 ⁽¹⁾	612,302
<i>Revenues</i>	347,305,676	288,291,498	291,102,304	2,810,806
<i>Expenditures</i>	413,487,770	305,283,317	284,411,330	20,871,987
Fund Balance with Designations	79,369,448	128,559,723	152,854,818	24,295,095
<i>Fund Balance Designations (2)</i>	75,000,000	75,000,000	75,000,000	-
Undesignated Ending Fund Balance	4,369,448	53,559,723	77,854,818	24,295,095

1. Unaudited Beginning Fund Balance

2. Fund Balance Designations:

Future Capital Projects	75,000,000
Total:	75,000,000

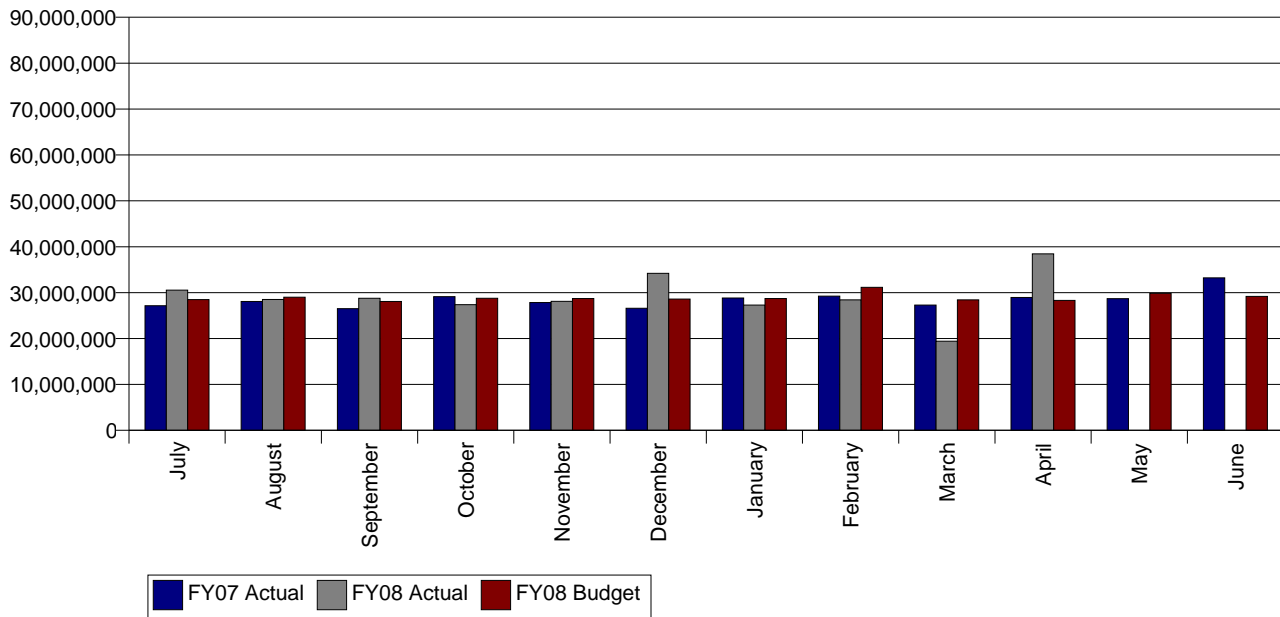


Detention Fund

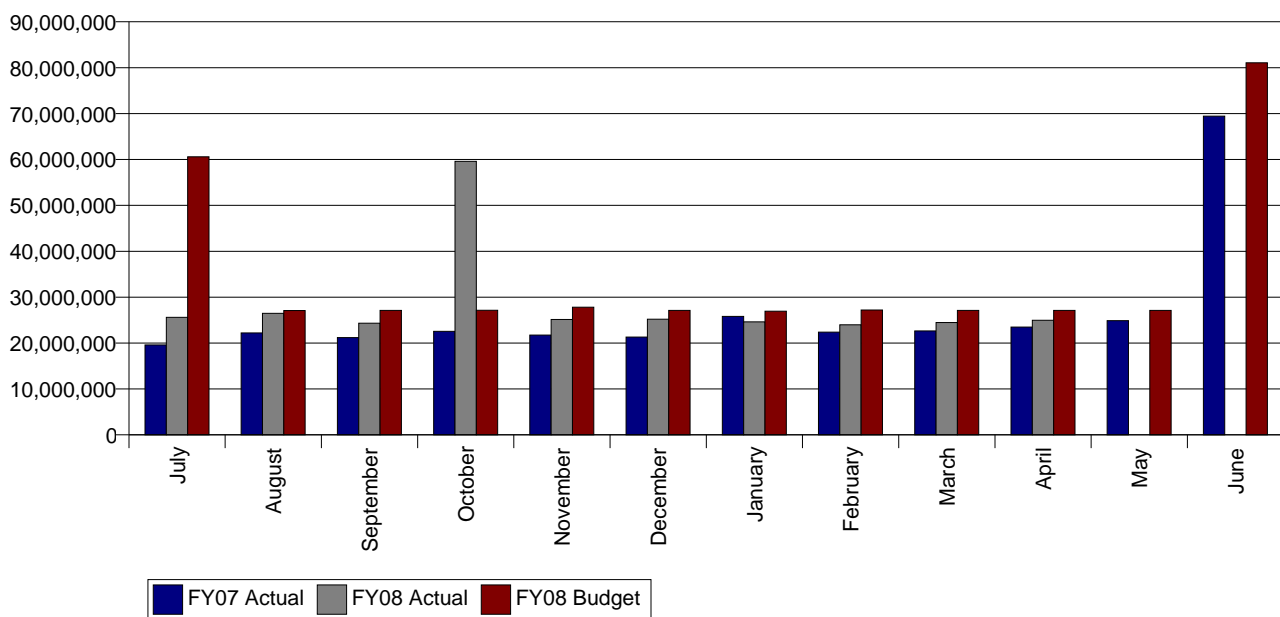
Executive Summary

As of April 30, 2008

Revenues



Expenditures





Detention Fund
Category Detailed by Agency
As of April 30, 2008

Revenues

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	6,500	5,418	3,412	(2,006)	(37.02)%
472 - NON-DEPT-DETENTION FUND	318,757,167	264,501,071	262,027,232	(2,473,839)	(0.94)%
482 - GEN GOV DETENTION FUND	1,946,762	1,622,302	2,926,154	1,303,852	80.37%
507 - SHERIFF DETENTION FUND	26,595,247	22,162,707	26,145,506	3,982,799	17.97%
	347,305,676	288,291,498	291,102,304	2,810,806	0.97%

Expenditures

Agency	Revised Budget	YTD Budget	YTD Actual	Variance	% of Variance
262 - CORRECT'L HLTH DETENTION FUND	48,802,468	40,790,391	40,012,862	777,529	1.91%
276 - JUV PROBTN DETENTION FUND	36,391,339	30,329,278	29,381,075	948,203	3.13%
420 - JUSTICE SYSTEM PLANNING INFO	1,913,044	1,632,781	1,222,541	410,240	25.13%
472 - NON-DEPT-DETENTION FUND	58,067,048	21,688,941	13,357,461	8,331,480	38.41%
482 - GEN GOV DETENTION FUND	68,128,856	43,822,897	37,325,240	6,497,657	14.83%
507 - SHERIFF DETENTION FUND	196,978,781	164,333,389	160,869,048	3,464,341	2.11%
701 - DETENTION OPERATIONS	3,206,234	2,685,640	2,243,103	442,537	16.48%
	413,487,770	305,283,317	284,411,330	20,871,987	6.84%